



# Michigan State Employees

RETIREE HEALTH VALUATION RESULTS  
as of September 30, 2006

GRS

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# Introduction

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- ◆ Purpose of Actuarial Valuation

- ▶ Funding Valuation

- ◆ Medicare Part D Subsidy

- ◆ Actuarial Assumptions

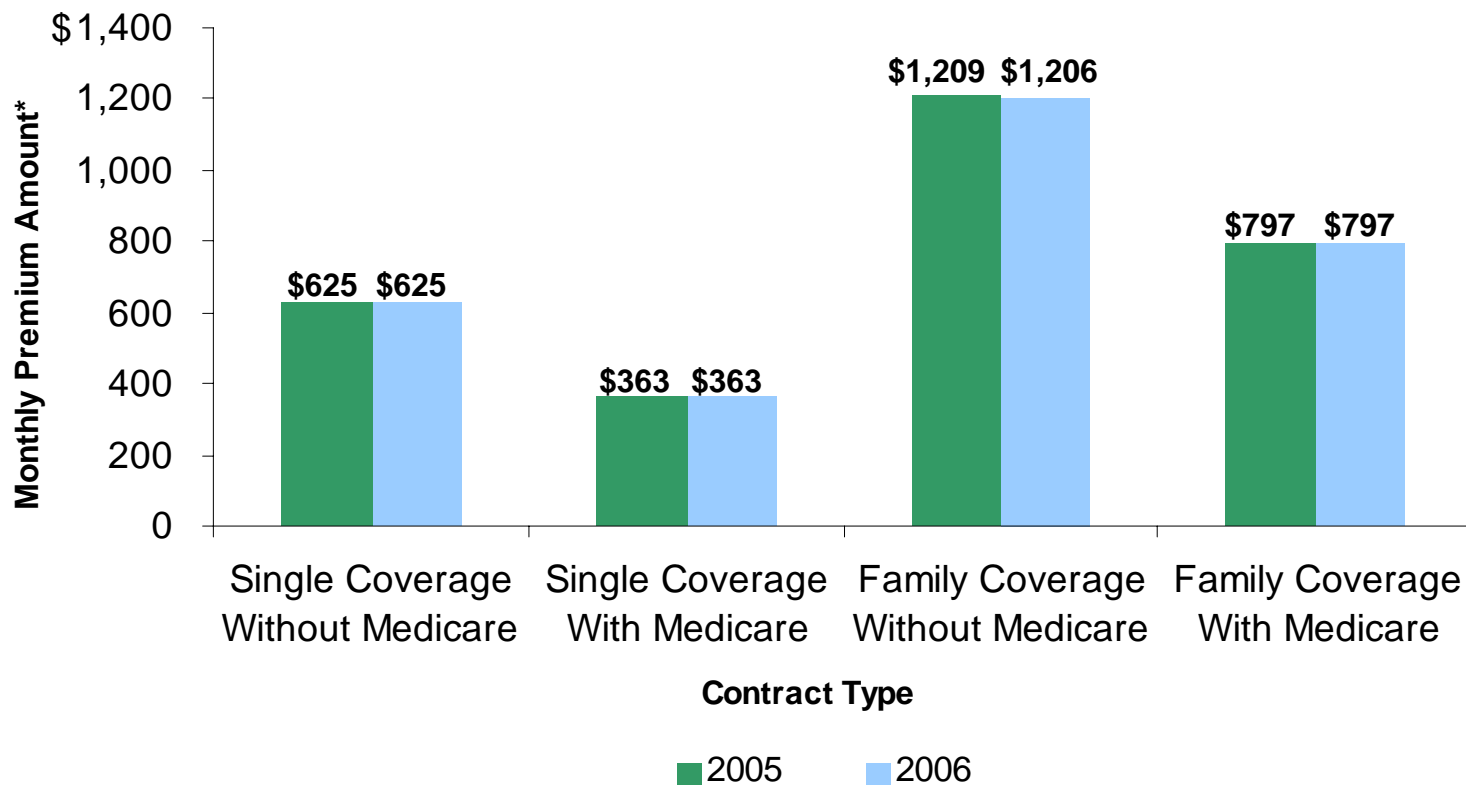
- ▶ 8% Investment Return

- ▶ Premium increases 7.5%, 6.5%, and 5.5% on October 1, 2007, 2008 and 2009, respectively

- ▶ Premium increases 4.5% each October 1 thereafter



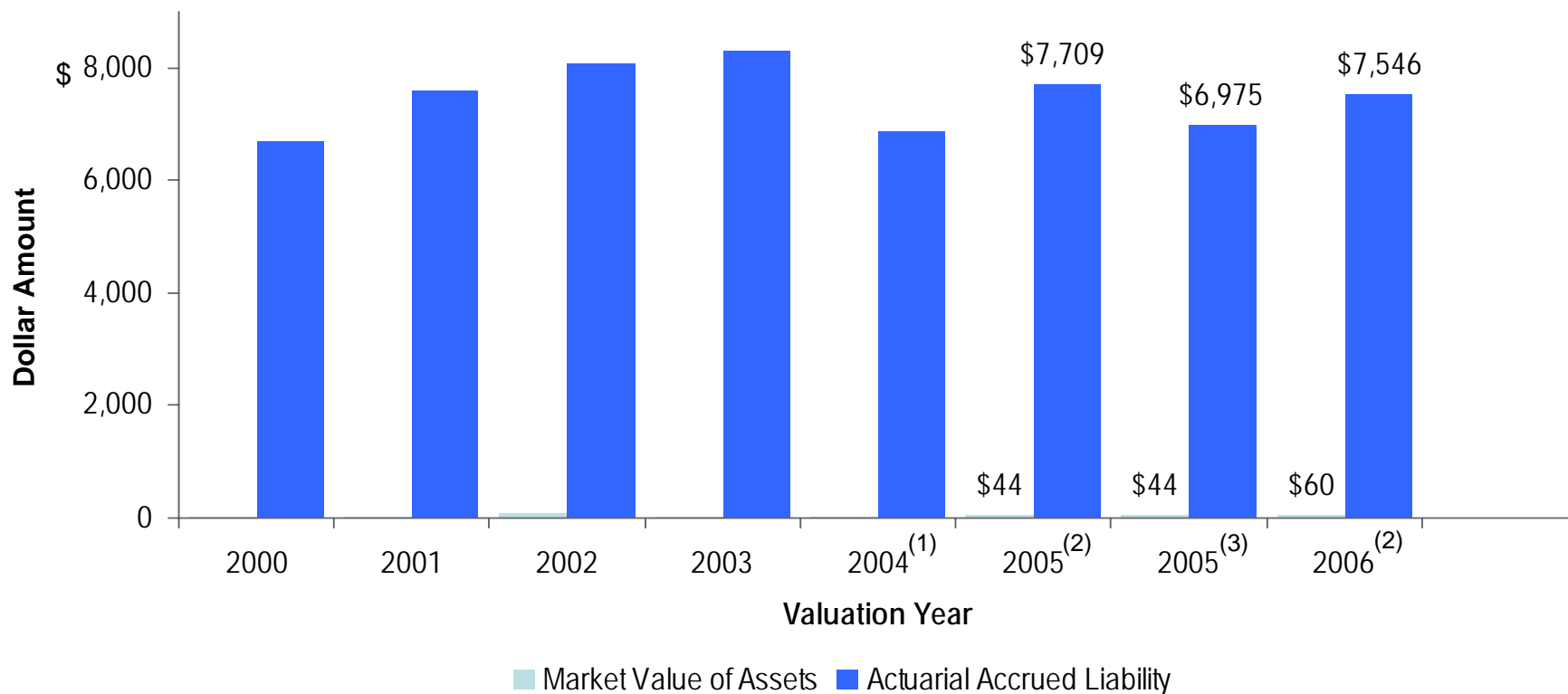
# Weighted Average Assumed Employer Paid Premiums (Medical, Dental, Vision Combined)



\*Tier 1 and Former Tier 1 Members



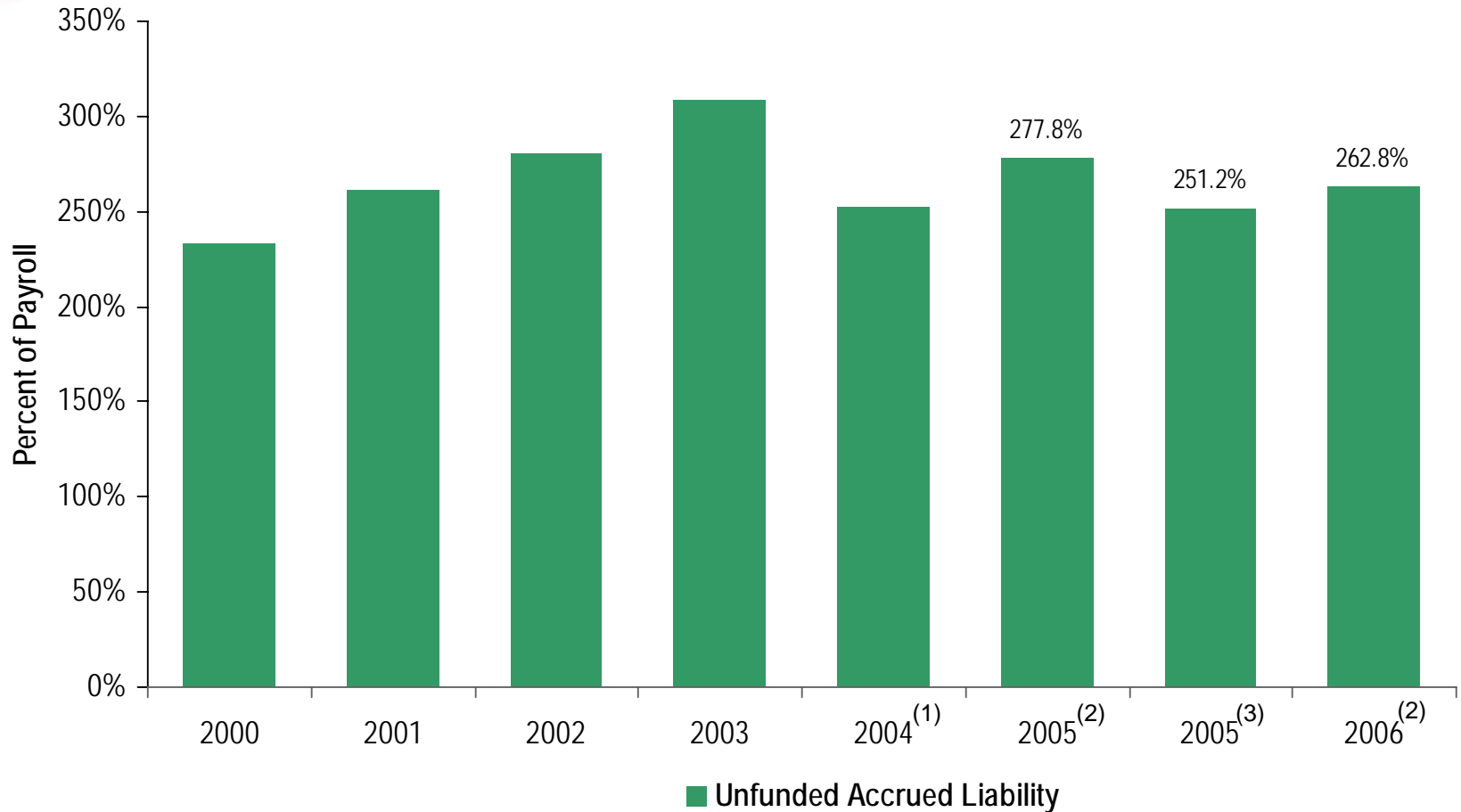
# Health Assets & Accrued Liabilities (Amounts in Millions)



- (1) Reflects assumption changes  
(2) Without Medicare Part D Subsidy  
(3) With Medicare Part D Subsidy



# Unfunded Accrued Liabilities as %'s of Payroll

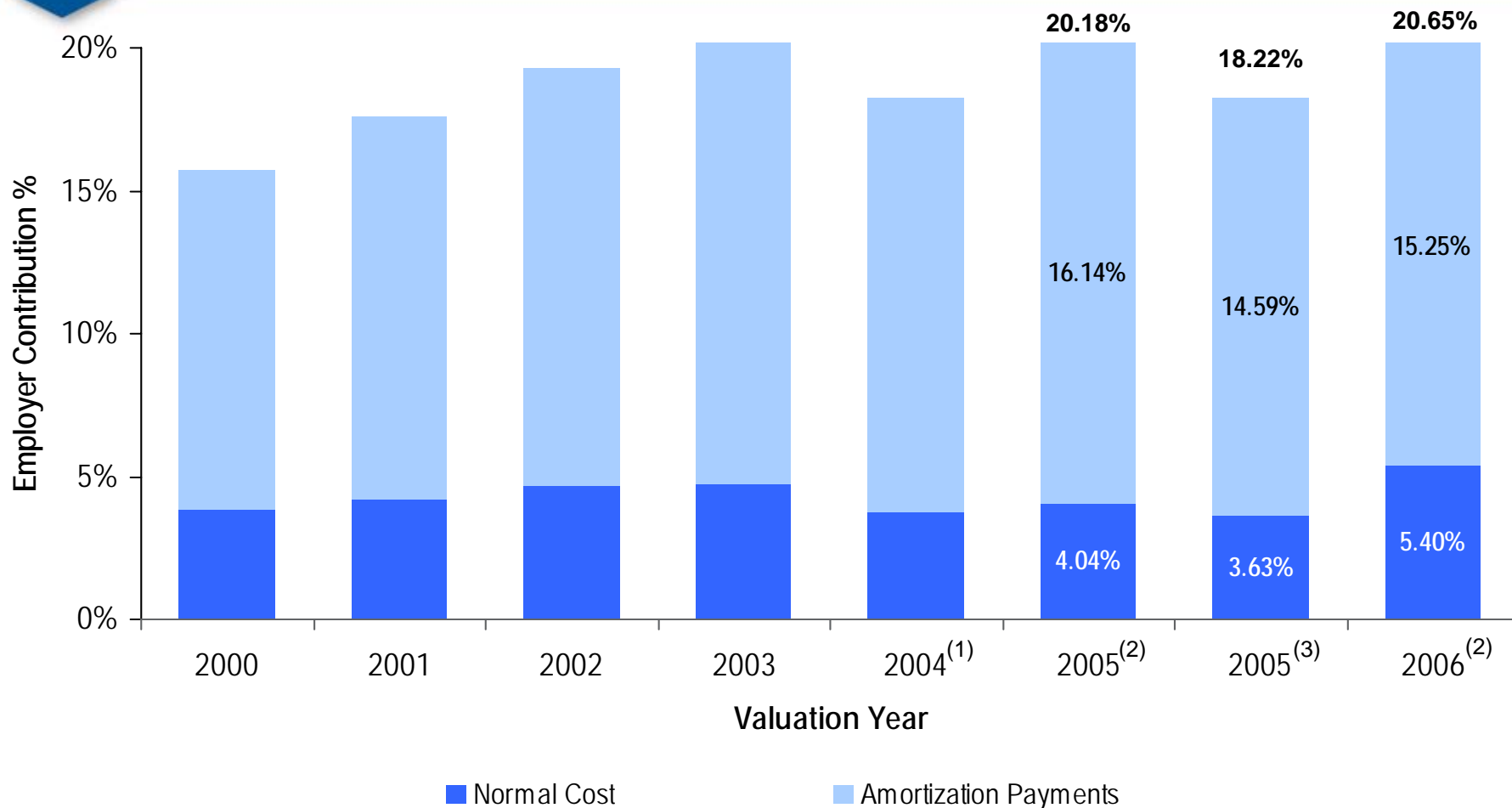


(1) Reflects assumption changes

(2) Without Medicare Part D Subsidy

(3) With Medicare Part D Subsidy

# Employer Contribution Rates as Percents of Payroll (Pre-Funding)



(1) Reflects assumption changes

(2) Without Medicare Part D Subsidy

(3) With Medicare Part D Subsidy